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# EXPORT America

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International Trade Administration

Donald L. Evans  
Secretary of Commerce

Grant Aldonas  
Under Secretary  
for International Trade

Greg Jenkins  
Director of Public Affairs

Cory Churches  
Editor

John Ward  
Contributing Editor

Frank Deasel  
Printing Specialist

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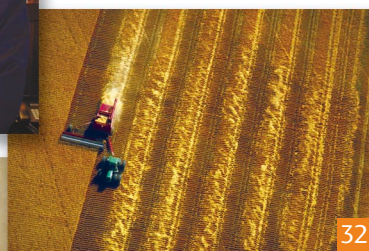
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W

e mourn the tragic loss of life and struggle with the uncertainties brought about by the attack on our country on September 11.

But life, and the business of life go on. We will persevere. We will not concede our freedoms. We will not give up our dreams. We will continue to believe in ourselves and continue to believe in our country, in our democracy and in everything this great nation has always stood for.

My friends, we cannot change what happened to our nation last month. It was an unthinkable tragedy committed by cowards. But we can make it our starting point for a better tomorrow.

Under President Bush's certain leadership, our nation — indeed, freedom-loving people around the world — have been drawn together in a common purpose: the defense of freedom. We are united and we will prevail.

There is another very important consideration for us today. The threat of worldwide recession is real. Our enemies would like nothing better than for that threat to become a reality. Their actions were, no doubt, calculated to add instability to our economic structures. Well, we cannot and will not let that happen.

We must focus on strategies that are centered on growth. And the surest route to a more stable economic environment for all nations is a greater openness to the world market.

I want you to look beyond borders and oceans to the prospects for your businesses in the global marketplace. Besides the obvious business advantages that global trade offers, let us consider for a moment what this effort would tell the world about our people.

Focusing on our business will show what we are made of. If we point our sights on the world marketplace, we are saying that our confidence remains high. We are

saying that we can compete with anyone, anytime, anywhere.

Given the events of September 11, the importance of more open trade has taken on a new dimension. The integration of the world economy is more evident than ever.

Free trade offers the promise of a higher quality of life, not just here in the United States but around the world. It creates jobs and produces income. It raises standards of living and it fuels a thirst — a demand — for greater political and social freedoms.

And political and social freedoms are critical weapons in the fight against those who turn the victims of poverty and unfortunate circumstances into their own fodder for war and power.

Our nation must fulfill its responsibilities as a world leader. We must lead the world in trade, which is critical in the quest for freedom and democracy.

The display of violence in New York, Washington, D.C. and Pennsylvania was one awful moment in time. All of us, working together, have the ability to forge accomplishments that are timeless.

So, we won't be intimidated by these events. We won't be deterred or slowed in our progress.

And I say this with absolute assurance because I know — and I think you would all agree — that America's best days are ahead.



Donald L. Evans  
U.S. Secretary of Commerce



Photo Courtesy of Rebecca Cook

## GLOBAL NEWS LINE

### UNITED KINGDOM

The UK government has created a new department to oversee the agriculture, food, and environment sectors. As of June 9, 2001, the new Department of Environment, Food, and Rural Affairs (DEFRA) will assume some of the responsibilities formerly administered by the Ministry of Agriculture, Fisheries, and Food (MAFF) and the Department of Environment, Transport, and the Regions (DETR).

As the responsibilities of MAFF and DETR have been redistributed, these agencies have ceased to exist. These changes were made after the general election of June 2001, when Prime Minister Tony Blair announced the restructuring of several government agencies.

### SPAIN

The Spanish vending machine industry recorded high levels of growth between 1990 and 1998. In 1998 there were about 340,000 vending machines operating throughout Spain, of which 100,000 were tobacco-dispensing machines. The market is expected to continue its expanding trend. However, given the current degree of penetration, it will do so at a slower pace.

There are only a few companies manufacturing vending machines in Spain. The major producers are Azkoyen Industrial, S.A. and Jofemar, S.A. Both of them are based in Navarra, in the north of Spain. Azkoyen Industrial is the leading manufacturer of vending machines in Spain, with sales of \$87 million in 1998.

A total of 96,000 vending machines — with a value of \$56.5 million — were imported into Spain during 1999. A major supplier to the Spanish market is

Italy, followed by the United States. The United States, with a 14 percent market share in 1999, continues to hold a significant share of the total import market. That year, imports of vending machines from the United States increased 27 percent to \$7.8 million.

### RUSSIA

The sporting goods market is currently one of the fastest growing markets in Moscow. Russia has always been a country devoted to sports, but only recently have healthy lifestyles become extremely popular and caused a demand for specialized sports apparel and accessories. The number of advertisements of sporting goods and services as well as specialized publications devoted to sport, fitness, and health issues is rapidly growing. Moscow and Moscow Oblast are the leading consumption centers for the majority of sport and recreational activities and the main consumers of sporting goods. About 90 percent of all the sporting good products sold in Moscow are imported. The number of dynamic retailers offering a wide selection of sporting goods is growing. U.S. made products hold about 11 percent of the total market. As new sports become popular, they are creating market niches for new equipment and products.

Best prospects for U.S. companies in the sporting goods market include exports of equipment and accessories for fitness, outdoor and extreme sports, winter sports, water sports, bowling, billiards, street sports, paintball, tennis, and golf. U.S. companies are viewed as trendsetters, and U.S. equipment continues to be popular due to its overall high quality. U.S. companies could substantially increase their presence in Russia by locating a reliable trade partner, participating in the local trade shows and implementing more aggressive marketing strategies. While Russia

becomes a more sports-minded country and the well being of Russia's economy improves, the number of opportunities for U.S. companies is growing.

### MALAYSIA

The merger and consolidation of Malaysian domestic banking institutions to ten anchor banking groups should be completed by the end of 2001. During the merger process, the banking groups spent heavily to integrate their banking systems. With system integration in place, the focus is now on implementation of e-banking or online banking services. Maybank Bhd, the nation's largest banking group, took the lead in offering e-banking by launching online services in June 2000. Four other banking groups followed suit, in the following order:

Maybank Bhd  
www.maybank2u.com

Southern Bank Bhd  
www.sbbdirect.com.my

Hong Leong Bank Bhd  
www.hlb.com.my

Alliance Bank Bhd  
www.alliancebank.com.my

Public Bank Bhd  
www.pbcbank.com

Presently, Maybank Bhd offers the most comprehensive portfolio of online services among the five banks. It currently has 300,000 subscribers, with more than 3.7 million transactions recorded since the service was launched last year. Online services provided include: information on existing accounts, transfer of funds within the banking group, payment of bills for utilities, telecommunication, insurance, credit card, etc. and listing of transactions performed,

including checks cleared. The bank plans to continue upgrading and enhancing its online services.

The other four anchor banking groups are currently in the process of implementing online services to prepare themselves for January 2001, when the government of Malaysia will allow foreign banks to launch e-banking services. Therefore, significant funds will be invested in e-banking solutions and technology, including security and risk management products for Internet banking.

## SOUTH AFRICA

According to the August 24, 2001 issue of *Business Day*, the South African government is planning to open port operations to the private sector to encourage lower costs and improved efficiency. Concessions will be accompanied by a R2 billion (\$243 million) investment over the next two years for the upgrading of the existing infrastructure. The objective of the investment is to modernize ports and to accommodate the rapid increase in the volume of cargo moving through them.

Although this move is likely to be opposed by South African Trade Unions, who are generally against privatization incentives of any kind, Jeff Radebe, Public Enterprises Minister, commented at the launch of the new National Ports Authority of South Africa that this strategy was a necessity as the South African government had inherited an inefficient ports system.

All seven of the commercial harbors were not operating on globally accepted standards and had a negative impact on South Africa's economic growth and development. The case for privatization of specific activities is made more compelling by the fact that South African ports handle approximately

98 percent of the country's imports and exports, with cargo volumes totaling 160 million tons in 2000.

The National Ports Authority will receive the proceeds of the concessions, which will be used for the development and maintenance of port infrastructure. The Authority will also be responsible for monitoring the concession agreements.

Commercial opportunities exist for U.S. companies specializing in marine navigation equipment and services and port building equipment and infrastructure.

## MEXICO

The total Mexican market for building materials for the housing industry in 2000 is estimated at \$5.3 billion, with U.S. imports of \$1.2 billion representing 70 percent of total imports. The new government that took office in December 2000 has indicated plans to build one million new government housing units per year for the next six years.

It is estimated that the market will grow about 8 percent per year during the 2001-2003 period, reaching \$5.6 billion by the end of 2001. Some of the U.S. companies already in the market that work with local representatives are: Anderson Windows, Marvin Windows, Bruce Floors, Pella Windows and Doors, Western Forms, Amstrong, Royal Building Systems, Atlas Copco, Black and Decker, and Infra Air Products.

In 2000, third country competitor companies had a 30 percent share of the import market.

The market for housing building materials has become more competitive during the last five years, especially with new entrants from Italy, Spain, Korea, Taiwan, Japan, and Canada. Last year's

import market shares were: United States 70 percent, Italy 10 percent, Spain 9 percent, Korea 4.5 percent, Taiwan 3 percent, and Canada 2 percent.

In 2000, the domestic Mexican market had a total of 10,000 building materials manufacturers that exported a total of \$1.9 billion of housing building materials. Ninety-eight percent are micro, small, and mid-sized firms located mainly in the major industrial areas of the country. The following are some of the more well known firms: Eureka, Ceramica Santa Julia, Ladrillera Mecanizada, Terracon, Lamina Desplegada, Panel Rey, Vitro Fibras, Ceramica Gaya, Mosaicos Venecianos de Mexico, Fester, Laminados de Barro, and Mármoles y Granitos.

According to the Mexican Chamber of the Construction Industry, a total of 710,000 new homes were built in 2000. About 310,000 of these were built through programs operated by federal government housing agencies and 400,000 by non-government programs. ■

## NEED MORE DETAIL?

Ask a Foreign Commercial Officer at one of the Department of Commerce's posts located around the globe. Contact information, including phone, fax and email, is available by calling the Trade Information Center at (800) USA-TRAD(E).



# ENVIRONMENTAL ENGINEERING FIRM FINDS SUCCESS IN INTERNATIONAL WATERS

by Blake Cooper  
*Office of Public Affairs*

Schloss Engineered Equipment, Inc. (SEE) counts Egypt, the Dominican Republic, Chile, Venezuela, Ireland, Barbados, Malaysia and Taiwan as some of its major export markets. Few of

these nations existed in its current political or economic form when Schloss Engineered Equipment was founded in 1898. This is a company with a very steady hand.

Over its 103-year history, through previous forms, Schloss Engineered Equipment has remained a family

owned and operated business with a continuing history of success in exporting environmental treatment equipment. It wasn't until the third generation took control, however — when Schloss Engineered Equipment of Aurora, Colorado, became the first female owned manufacturer in its industry under Kristy A. Schloss — that exports really skyrocketed.

Although Schloss Engineered Equipment began exporting in the 1960s, usually in partnership with larger companies, it wasn't until the 1990s when international sales to Taiwan began to fall, that SEE reached out to the Department of Commerce for help. Increasing international sales had another, more personal benefit as well, namely, satisfying the company goal of preserving the global environment while increasing the quality of life abroad, especially in the areas of health, tourism, and sustainable development. For this very reason, in fact, SEE handles only the design and manufacture of environmental equipment, leaving operation and service of the machines to the individual global localities.



## GLOBAL ENVIRONMENTAL AWARENESS

Many international companies in the environmental industry are based in Colorado. "There's a significant aware-



ness of the global economy in the region,” Schloss remarks, “We’ve always had a global perspective. It’s just become wider and more active as other countries have become more interested in the environment. There is a great deal of demand in this industry.” The numbers would seem to agree: since 1992, with help from the International Trade Administration and with an eye toward diversifying SEE’s market base, Schloss Engineered Equipment has seen a 900 percent increase in international exports. “When you’re located in so many different markets, the peaks and valleys aren’t as prominent [as in a single market]. We probably would not be as internationally successful as we have been without the international trade organizations,” Schloss notes, “They have been able to facilitate some important connections for us.”

#### HELP IN NAVIGATING THE EXPORTING PROCESS

One of the factors that make the Department of Commerce so useful, according to Schloss, is its ability to provide companies with information on market access, customs, culture, and logistics. The connections established through the Department of Commerce help SEE navigate a global marketplace where each individual nation is very specific with its own customs and regulations.

One such connection, secured with the help of the Commercial Service and the Colorado International Trade Office, resulted in Schloss Engineered Equipment’s participation in the design and construction of a massive water treatment facility in Dublin, Ireland. This story begins in April 1999, when the U.S. Export Assistance Center began helping identify companies to accompany Colorado’s Governor, Bill Owens, on a trade mission to the United Kingdom. Because of Ms. Schloss’ previous success on a trade mission with the Assistant Secretary of Commerce, SEE was invited to join the mission to further its ongoing technical and commercial

discussions with the consulting engineer of the Dublin water treatment project, at the time one of the largest infrastructure projects in the EU.

In meeting the European firm face to face as part of the trade mission, Schloss was able to negotiate a larger scope of work with the multinational team and was eventually successful in securing a significant contract. “As it turned out, the president of the consulting engineering firm knew us from previous work outside of Europe and realized that we were a known entity,” Schloss notes, “With the credibility of the trade mission we were able to negotiate an expanded role in the project.” “This is a huge project and we are excited to have a significant part,” continues Schloss, “Moreover, it’s encouraging as a taxpayer to see the state of Colorado, the Export Assistance Center, and various parts of the London embassy working so well to produce such a beneficial mission, that will no doubt lead to more European Union work.” And indeed it has, as SEE is currently negotiating a similar contract with the same multinational team for a project in England. Additionally, SEE has completed numerous other projects in Ireland and Northern Ireland.

#### SUCCESS AND RECOGNITION

The success Ms. Schloss achieved with the help of the Department of Commerce has not gone unnoticed. In 1999, the U.S. Small Business Administration’s Office of Advocacy named Ms. Schloss the Small Business Exporter of the Year for “her outstanding success in exporting and demonstrating encouragement of other small businesses to export.” Chief Counsel for Advocacy, Jere W. Glover, went on to remark on “the tremendous slate of candidates from throughout the United States for our annual award,” and congratulated Ms. Schloss on her accomplishment, thanking her “on behalf of America’s small exporters.”

Ms. Schloss had a very good year with the SBA. In March 2000, Schloss contacted Nancy Charles-Parker, director of the U.S. Export Assistance Center for the Rocky Mountain region, and notified her that SEE had secured its first sales of equipment to Canada. Previously unsuccessful in breaking into the Canadian market, Schloss attended a workshop, hosted by the SBA, on women exporting to Canada. As a result of the information Schloss received from the SBA, SEE found an Ontario based distributor who helped SEE win two contracts in that province.

“I am most proud of our efforts in building a sound environment in which businesses and communities can thrive,” Schloss says. “Trade and the environment are mutually beneficial in promoting economic growth and the well-being of people around the world.” ■

# CLICKS AND MORTAR HELP QUENCH HONG KONG'S THIRST

by Erin Butler

*Office of the Director General, U.S. Commercial Service*

California exporter H. Thorp Minister III just shipped \$13,000 of sports beverages to a buyer in Hong Kong that he's never met. How did his customer find a supplier to quench his thirst? Enter BuyUSA.com and some changes taking place in the e-commerce world.

A worldwide brick-and-mortar network sets BuyUSA.com apart from other e-marketplaces. The service, created by the U.S. Commercial Service and IBM, offers online access to U.S. trade specialists who can assist buyers and sellers with issues like regulatory compliance and export financing — things that can tongue-tie most e-commerce 1-800 help desks. "It's a really good platform to promote U.S.

goods," says Minister. Plus, as he explains, "It has a great name" — so international buyers in search of U.S. products know exactly where to look.

Minister's company, Export Los Angeles, provides sourcing, pricing, buying, transportation and financing services for international buyers who want U.S. products. Minister, who emphasizes the importance of visibility for a small company like his, uses his BuyUSA subscription to supplement his own web site and marketing efforts to create an online presence that will reach more potential buyers. Now most of his business is generated through buyers that call him with specific needs. He sees BuyUSA as a way to make his small company "more nimble" in the global marketplace. "My most valuable tool in promoting my export business is the Internet," Minister explains.

Minister learned about BuyUSA through longtime contact Rey Makalintal, an international trade specialist with the West Los Angeles U.S. Export Assistance Center. The center is one of more than 100 United States Commercial Service offices in the United States, and part of the worldwide network that makes BuyUSA unique. Trade specialists at these offices provide a variety of services to help small and mid-sized companies succeed in international markets.

Of the most value to Minister was Makalintal's introduction to the array of export assistance services provided by government agencies such as the U.S. Commercial Service, Small Business Administration, Export-Import Bank and state agencies. "I'm learning a lot as a small business owner — its kind of fun. I never knew that there was such a huge push to help small exporters," he says.

The initial order from Minister's Hong Kong buyer will likely turn into repeat business, and he is expecting to handle additional shipments totaling \$40,000 per month. Minister points out that with luck, a half million dollars in yearly revenue could result from only days of exposure on BuyUSA. And he might be riding the early wave of what some analysts are predicting may be a sea of change in the way business is conducted.



Photo courtesy of U.S. Commercial Service.

Trade specialist Rey Makalintal (left) of the West Los Angeles U.S. Export Assistance Center with H. Thorp Minister III (right) of Export Los Angeles.

## POINT, CLICK, TRADE

According to the Internet research firm Jupiter Communications, business-to-business (B2B) transactions over the



Internet will reach an astounding \$16 trillion in 2005. MIT's Media Lab estimates that worldwide online sales will reach \$1 trillion this year, and 70 percent will be B2B. Merrill Lynch predicts that some portion of 85 percent of all business transactions will be online by 2009. Forrester estimates that B2B is entering a hyper-growth stage, and will grow to \$1.3 trillion in 2003. Another study predicts that exports arranged online will grow to \$100 billion by the end of the year.

By 2004, B2B transactions are expected to jump to \$1.4 trillion, or 18 percent of total global trade. One estimate has e-marketplaces conducting 30 percent of all exports by 2004. Even if these figures prove overly optimistic, the trend seems to be clear. Combine this trend with falling trade barriers around the world, and the outlook for small business growth through online international trade seems promising.

While these numbers are breathtaking, there is evidence to suggest that while the train may be leaving the station, not many businesses are on it. The Yankee Group, another e-commerce consulting firm, polled 250 large and mid-size businesses last year and found that three-quarters did not yet have Web sites that could support transactions or tie in with their customers' databases and those of their suppliers, though many were working on it.

#### SMALL BUSINESS PARTICIPATION AND CONCERNS

Another survey, by Access Markets International Partners of New York, had some troubling news. It found that while many small business owners are comfortable shopping online, 9 out of 10 said they were not interested in selling online and that they were overwhelmed by the technical challenges. This may be the case today, but improvements in software and in the markets themselves are likely to make B2B buying and selling easier — and less expensive to

participate. And the pressure will build on businesses to participate whether they are "comfortable" or not. For failure to participate is likely to become more uncomfortable, and possibly fatal.

What are the advantages of online product exchanges? One advantage according to users is cost savings, with some companies reporting savings of between 2 - 15 percent over traditional off-line wholesalers.

A second advantage is the end of market fragmentation, meaning that because more buyers and sellers are coming together online there is more information available about products, inventories, and prices.

#### SOME DRAWBACKS TO ONLINE MARKETS

While there are many advantages of these B2B markets, there are a number of drawbacks.

One drawback is that if these markets work the way they are supposed to, price competition will get more brutal and margins will fall. Non-marketplace participants and inefficient suppliers of all kinds will feel intense heat and many may be forced out of business.

Another drawback is that these B2B markets may eventually be dominated by a few big names, raising restraint of trade issues that the legal system is just beginning to worry about.

Despite its other reported advantages, online trading provides mainly lower-cost and more widely available access to world markets, allowing smaller producers to find buyers far beyond their home base. However, it has been argued that the globalization of markets and exchanges will be important only if sellers have real need for global access. And when they do, the existence of the online exchanges, in part, makes geographical separation no longer as relevant as a barrier to trading, as long as the item's description is

clear enough to be communicated without too much ambiguity, and its value is sufficient enough to justify shipping costs.

There are also barriers in the areas of public policy and law. Until these issues — such as taxation, privacy and consumer protection — are resolved, true global e-commerce will not be possible. But that doesn't mean there won't be a lot of opportunities as marketplaces and nations work out the kinks in the next phase of the global trading system's development.

#### ASSESSING ONLINE MARKETPLACES

As things develop, Export LA's Minister is content with the space he occupies, reasoning that small businesses like his need multiple channels through which they can buy and sell. He has a stall in the global marketplace for a few hundred dollars a year, and doesn't have to worry about keeping up with the latest online technologies or whether he can trust the buyers who contact him via BuyUSA.com.

Minister says he has the right skill set and does seem to bring an unusual background to the export business — he spent several years in film and television production. "Believe it or not, there are some strong parallels between film production and exporting," he says. "Both are choreographed down to the smallest detail." He goes on to describe his plans for Export LA in action-movie terms befitting his Hollywood background: "I'm gonna blow the doors off this thing," he laughs. And with BuyUSA.com, he just might do it. ■

# FINDING A MATCH AT NAB2001

by Laura Hellstern and Miguel Olivares  
*U.S. Commercial Service*

Eric Leventhal, International Relations Manager for Verestar, a global communications solutions provider, has flown into Las Vegas to attend the giant National Association of Broadcasters (NAB) annual trade show. Forget the droves of Elvis impersonators, the acres of slot machines, the hotels that offer a high-tech experience of

ancient Egypt. Leventhal is here to make sales. Hopefully lots of them.

In a city famous for its floor shows, the curtain is about to go up on his. And there's a lot riding on how well he does.

Because booth and related costs at major U.S. trade shows can be substantial, exhibitors are motivated to make sales on the floor. Product demonstrators put their best foot forward, sales managers and reps walk the floor, and

staffers wait nervously at the booth — all hoping the right customers will come along.

But even the most experienced trade show hands sometimes need a little help putting interested buyers in front of them and what they have to sell. Exhibitors at the National Association of Broadcasters NAB2001, including Verestar, were glad to have the U.S. Department of Commerce's Commercial Service play the role of matchmaker by providing a steady stream of qualified buyers from a number of foreign countries.

Assisting more than 30,000 U.S. companies exhibiting at 28 major U.S. trade shows each year, the U.S. Commercial Service and its International Buyer Program (IBP) recruits and qualifies buyers, distributors, licensees, firms interested in joint ventures, and franchisers. The IBP also typically co-hosts one or more International Trade Centers at shows, where exhibitors and attendees meet, receive export counseling from U.S. Commercial Service trade specialists, or just relax in a comfortable setting conducive to talking and doing business. Among the 113,000 attendees at NAB2001 were 19,032 international



Photo courtesy of U.S. Commercial Service

Developers of the NAB2001 Global Matchmaking Reception included (L to R) Southern California District Export Council Chairman Mark Matsumoto, International Buyer Program Project Officer Miguel Olivares, and Dan Bjerk, Trade Specialist and Information Technology team leader for the U.S. Commercial Service.



visitors from 144 countries, many of whom were escorted by U.S. Commercial Service personnel.

According to NAB's Director of Attendee Services Justine McVane, "The contributions of the IBP and the U.S. Commercial Service domestically and overseas are critical to our success in reaching the wide scope of international buyers." McVane says the key to getting more international buyers to attend shows in the U.S. has been the Commerce Department's knowledge of the buyer community in many of the world's top markets for broadcast and related equipment. "The truth is, with the advent of the Internet, more and more businesses are finding it easier to do business around the world," she said. "We need to provide our exhibitors and attendees more of what they need in today's global economy."

In addition to more international visitors and an elaborate business center, NAB2001 and the Commercial Service included a Global Matchmaking Reception on the evening before the opening day of the show. A kind of trade show within a trade show, the Global Matchmaking Reception brought 39 U.S. convergence technology companies and their tabletop product displays together with more than 460 international buyers in an informal setting outside the show floor commotion.

This was the first time NAB has offered such an event, which was developed by Commercial Service trade specialists and by Southern California District Export Council (DEC) Chairman Mark Matsumoto. The councils are groups of businesspeople throughout the United States, whose members are appointed by the Secretary of Commerce to promote exports by U.S. firms, especially small and mid-sized companies.

By having tabletop displays rather than typical trade show booths, small businesses were for a night on the same

level as much bigger firms. "The reception provided an excellent opportunity for U.S. companies to capitalize on the presence of international buyers at NAB" commented Dan Bjerk, the information technology team leader for the Commercial Service. DEC Chairman Matsumoto added, "We'd been seeking a mechanism that would give both multinational firms and small businesses equal footing and a captive audience at mega trade shows such as NAB."

NAB's McVane said that the Global Matchmaking Reception is a welcome addition to the show because its focus is business networking. "It was an additional opportunity for NAB to help create buyer and seller interactions that might not have happened on the show floor," she said.

Verestar's Leventhal was enthusiastic about the reception. "It was an opportunity to bring together potential customers from more than 20 countries in a casual forum, where we could socialize and find out if there was symmetry between our companies." He said he established business relationships with about seven overseas firms, and signed an agent at the reception. Other participants were equally happy. Said Bob Boster Vice President of International Business Development for ENCO Systems, "It was the best \$500 we spent at a show."

In addition to the reception, Commercial Service trade specialists are at work throughout the show evaluating U.S. exhibitors' overseas sales potential and discussing marketing trends and opportunities. The trade specialists live and work in the same markets as the international buyers attending the show. "Any company selling internationally would be foolish not to take advantage of these meetings," said Leventhal. "The commercial specialists have a great depth of knowledge about international markets."

At NAB2001, 36 U.S. companies held 228 meetings with commercial special-

ists from 14 countries. An additional 26 companies held more than 100 meetings with commercial specialists in their NAB 2001 booths.

The disassembled booths are hardly out the convention hall doors before new ones arrive to take their place. Pompadors back in place, Elvis impersonators brace for another influx of conventioners and exhibitors in this desert Oz. Back in California, Eric Leventhal is hard at work with his new business partners in several different countries, communicating via email, sending proposals and working toward final agreements. "I anticipate some excellent sales as a result of the Global Matchmaking Reception," he said. "And I'm looking forward to the next time I can exhibit at a U.S. Commercial Service-sponsored show." ■

For more information about the National Association of Broadcasters, visit [www.nab.org](http://www.nab.org). For more information about the U.S. Department of Commerce, the U.S. Commercial Service and the International Buyer Program, visit [www.export.gov](http://www.export.gov). For more information on the District Export Council, visit <http://sites.usatrade.gov/dec/dec.html>

# NEW ONLINE SERVICE ALERTS INDUSTRY TO TRADE-RELATED TECHNICAL REGULATIONS

by JoAnne Overman,

*National Center for Standards and Certification Information, National Institute of Standards and Technology*

A new free service — Export Alert! — available through the National Institute of Standards and Technology (NIST), serves as an early warning system for U.S. exporters. It automatically alerts businesses and other organizations to changes in trade-related technical regulations proposed by U.S. trading partners.

Unexpected changes in rules and regulations that affect the treatment of imported goods can be costly and cause unwanted surprises for exporters. Since regulations dictate many of the terms of market entry, changes in the standards or other technical requirements they contain can have trade-distorting effects.

New or revised technical requirements may introduce hurdles for achieving and demonstrating compliance with technical regulations that can delay or even prevent market entry. Satisfying new requirements might entail additional testing, or it could even necessitate redesigning products or services.

According to the Organization for Economic Cooperation and Development, approximately 80 percent of international trade and goods are

affected by standards and regulations, creating the potential for unwelcome surprises for U.S. exporters.

A collaboration between the Commerce Department's National Institute of Standards and Technology (NIST) and the International Trade Administration (ITA), a service called Export Alert! will gather, organize, and disseminate notifications of proposed regulatory changes issued by the 142 nations that are members of the World Trade Organization (WTO).

## EXPORT ALERT

Export Alert!, an Internet-based service, sends e-mail notifications of pending changes to subscribing companies, organizations, and other parties interested in trade developments. The automatic notice provides subscribers with the opportunity to assess the impacts of the proposal and to comment on proposed technical regulations that may restrict market access.

Under the Agreement on Technical Barriers to Trade (TBT Agreement), part of the WTO treaty signed in 1995, members are required to report proposed new or amended technical regulations to the WTO Secretariat in Geneva, Switzerland. In turn, these notifications are made available to WTO members' national inquiry points. NIST's

National Center for Standards and Certification Information (NCSCI) is the designated U.S. TBT inquiry point.

## COMPETITIVE ASSET

One of the major provisions of the TBT Agreement calls for advance notification of proposed technical regulations that can influence trade. Each WTO member is required to report proposed central government regulations that may have an impact on trade. "For U.S. companies," explains Stephen Jacobs, Deputy Assistant Secretary for Agreements Compliance, "Export Alert! will make it easier for U.S. companies to stay on top of foreign technical regulations that affect their overseas business. Advance early warning should help U.S. companies take advantage of the WTO TBT Agreement obligations to review and comment on proposed technical regulations and head regulations before they become barriers to trade. Timely information can be a competitive asset."

Last year, WTO members issued over 600 TBT-related notifications. The greatest volume of notifications was issued in the areas of telecommunications, appliances, beverages, chemicals, food products, electrical equipment, motor vehicles, and construction products.

As the official WTO inquiry point for the United States, NCSCI receives



copies of the WTO TBT notifications. Informational items in the notification include the country of origin, the product covered, a brief description of the proposed regulation, and the deadline for comments.

"Tracking the development of trade-related technical regulations requires constant vigilance," explains Richard Kayser, head of NIST's Technology Services. "Export Alert! should simplify this job and provide additional lead time for U.S. industry to organize effective responses. Export Alert! will be an important addition to the services and resources that we and ITA currently offer."

#### SUBSCRIBE NOW

Subscribers to Export Alert! can select industry sectors they wish to track based on the International Classification for Standards designation, comprising 41 industry sectors that range from health-care technology to agriculture and construction material. They can also select specific countries or regions, such as Japan or the European Union.

After receiving e-mail notifications, subscribers can contact NCSCI to receive full-text copies of the proposals. In turn, the Center can also distribute comments by U.S. organizations to the notifying country for its consideration.

Export Alert! was launched during the U.S. celebration of World Standards Day on October 10 - 11, 2001, in Washington, D.C. Organizations and individuals interested in subscribing to the service can sign up on-line at <http://ts.nist.gov/ncsci> or by e-mailing NCSCI at [ncsci@nist.gov](mailto:ncsci@nist.gov). ■

For additional information on subscribing, contact NCSCI at (301) 975-4040 or at [ncsci@nist.gov](mailto:ncsci@nist.gov). To learn more about NCSCI and its service visit its web site at <http://ts.nist.gov/ncsci>

## TBT AGREEMENT AT A GLANCE

Part of the 1995 treaty that established the World Trade Organization, the Agreement on Technical Barriers to Trade (TBT) aims to prevent technical regulations, standards, and product testing and certification procedures that can create technical barriers to trade. It expanded on a more limited standards code, which was adopted in a previous round of trade negotiations. All 140 WTO members ([http://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/org6\\_e.htm](http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm)) are parties to the TBT Agreement, which entered into force on January 1, 1995, and has no expiration date.

The objective of the Agreement on Technical Barriers to Trade (TBT) of the World Trade Organization (WTO) is to ensure that technical regulations, product standards, and "conformity assessment procedures" (testing and certification procedures) do not create unnecessary obstacles to world trade. The agreement commits WTO members to use, when appropriate, international standards in their technical regulations. However, if an international standard does not meet the regulatory needs or is inappropriate, a nation can choose to set its own standard. For example, a government can establish a higher level of protection than an international standard if that standard does not meet its necessary human health and safety requirements.

The TBT agreement also requires WTO members to issue notifications on any draft technical regulation or conformity assessment procedures that may significantly influence trade. Governments are required to notify the WTO Secretariat of the proposed measures, including information on the objectives and rationales behind the measures and on the products covered. "Such notifications," the TBT Agreement specifies, "shall take place at an early appropriate stage, when amendments can still be introduced and comments taken into account."

The WTO Secretariat distributes notifications via its web site and to all WTO members. The agreement calls for nations to provide "reasonable" time for comment by members and a period of time for members to adjust to the final version of the technical regulation.

In the United States, NIST's National Center for Standards and Certification Information (NCSCI) is the designated point of inquiry for measures concerning non-agricultural products. Through the new Export Alert! service, NCSCI will make notifications of other nations' proposed technical regulations and conformity assessment procedures immediately available to subscribers.

# ASK THE TIC

## BASIC EXPORTING TO CENTRAL AMERICA

by Tamara Underwood,

Trade Information Center

*Is your company already exporting to Mexico, Brazil, Argentina, or Chile? Is your firm ready to expand its export markets in Latin America? Don't overlook the quiet yet growing Central American market. U.S. merchandise exports to Central America (Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama) have increased substantially in the past five years. U.S. merchandise exports to Central America had an average annual growth rate of 9.3 percent for the five-year period from 1996 to 2000. In comparison, U.S. merchandise exports worldwide grew 5.8 percent, 11.1 percent to NAFTA countries, and 3.1 percent to Mercosur countries.*



## WHAT IS THE CARIBBEAN BASIN TRADE PARTNERSHIP ACT (CBTPA)?

The CBTPA, enacted in October 2000, provides eligible countries certain trade benefits similar to those enjoyed by Mexico under the North American Free Trade Agreement (NAFTA). It represents a significant step in the 15-year history of the Caribbean Basin Initiative (CBI), which has resulted in better export markets for U.S. goods and services. Through the CBTPA, U.S. merchandise exports and investment should continue to grow. All Central American countries are fully eligible for the new trade benefits under CBTPA. More information about CBTPA and CBI can be found at the Market Access and Compliance website ([www.mac.doc.gov](http://www.mac.doc.gov)).



## WHAT ARE THE TARIFF RATES IN CENTRAL AMERICA?

Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua are members of the Central American Common Market (CACM). The CACM has a system of common

external tariffs Sistema Arancelario Centroamericano (SAC), which generally range between 1 - 15 percent, levied on the C.I.F. value. Under the SAC, current duties are generally up to 5 percent for raw materials, 5 - 10 percent for intermediate goods, up to 15 percent for finished goods and duty-free for capital goods. El Salvador, Guatemala, and Honduras have particularly liberal trade policies for non-agricultural imports, but certain agricultural products remain highly protected.

Nicaragua made changes in May 2001 to tariffs and taxes imposed on imports. While it increased tariffs on finished goods from 10 percent to 15 percent, Nicaragua modified the regular import duty (DAI) on selected agricultural and consumer products, and eliminated the temporary protective tariff (ATP) for capital and intermediate goods.

Belize tariffs fall under the common external tariffs of the Caribbean Common Market (CARICOM) states. Belize tariffs average 20 percent on industrial products and are 8 percent on all commodities except petroleum, alcohol and tobacco. Belize also assesses a variable duty of 15 - 25 percent on certain luxury items.

Panama operates on a separate tariff schedule, and the overall average tariff rate for industrial merchandise is 12 percent. However, duties on agricultural products have been increased substantially.

In addition to the duty, expect to pay a value added tax on most items, possibly a one percent administrative fee, and varying taxes on luxury items.

Costa Rica, El Salvador, Guatemala, Honduras, and Panama assess tariffs and taxes on the C.I.F. value. In Belize, customs valuation is based upon original commercial invoices and product catalogs. In Nicaragua, tariffs and taxes are based upon a "reference price" determined by customs at the time of entry inspection. In practice, a reference price is usually higher than the market or invoiced price.

PARTNER	1998	1999	2000	AVG ANN GROWTH (1996-2000)
World	\$680.47	\$692.82	\$780.41	5.8
Western Hemisphere	\$296.60	\$306.16	\$347.41	9.5
Latin America/Caribbean	\$142.44	\$142.24	\$170.97	11.8
NAFTA	\$233.16	\$250.95	\$288.15	11.1
Andean Pact	\$15.48	\$11.83	\$12.19	-1.1
Mercosur	\$22.41	\$19.19	\$21.04	3.1
CACM	\$8.41	\$8.45	\$9.06	9.3
Caricom	\$5.00	\$4.70	\$5.38	5.4
Honduras	\$2.32	\$2.36	\$2.57	11.9
Costa Rica	\$2.29	\$2.37	\$2.44	7.8
Guatemala	\$1.94	\$1.81	\$1.89	4.9
El Salvador	\$1.51	\$1.52	\$1.77	13.4
Panama	\$1.75	\$1.74	\$1.60	4.0
Nicaragua	\$ .33	\$ .37	\$ .37	9.6
Belize	\$ .11	\$ .13	\$ .20	18.3
CACM + Panama + Belize			\$10.88	9.9

In billions of U.S. Dollars

Source: U.S. Census Bureau



## WHERE CAN I FIND TARIFF RATES, TAXES, AND OTHER FEES FOR IMPORTING INTO CENTRAL AMERICA?

Tariff rates, taxes, and other fees associated with exporting merchandise to Central America can be obtained by calling the Trade Information Center at 1-800-USA-TRAD(E) or by following links on the Trade Information Center website (<http://tradeinfo.doc.gov>) to available on-line tariff resources.



## WHAT ARE THE ENTRY REQUIREMENTS OF CENTRAL AMERICA?

### **Pre-shipment inspection:**

Pre-shipment inspections are not required for merchandise exports to any of the Central American countries. However, the government of Belize has contracted with a local firm to conduct post-importation inspections.

### **Import licenses:**

Import licenses are required, in general, for domestically sensitive agricultural goods (certain poultry products, rice, wheat flour, pasta), certain consumer goods, and luxury items (alcoholic beverages, cigars, and cigarettes). Special permits (i.e., sanitary and phytosanitary permits) from the relevant local ministries are generally required for the importation of food products, fresh produce and livestock, cosmetics, pharmaceuticals, chemicals and toxic substances, firearms, explosives, and vehicles.

### **Labeling and Marking:**

In general, U.S. labeling and marking requirements will also meet the requirements in Central America. Food items, pharmaceuticals, and other items for human consumption must be labeled in Spanish.

### **Customs:**

The customs procedures are generally complex, bureaucratic, and sometimes arbitrary. However, improvements have been made. For instance, Costa Rica handles much of the customs documentation electronically and has a "one stop" import and export window. All warehouses in Guatemala, Nicaragua, and Panama are linked electronically to customs to expedite authorization of release of the goods. El Salvador has an electronic dispatch system, which links the importer to the central Customs Service to present and process documents from the firm's location.



## ARE CUSTOMS BROKERS MANDATORY?

Customs brokers are mandatory, except for low-value shipments, in all Central American countries except Belize and El Salvador. In Belize and El Salvador, the importer may carry out the customs entry procedures.



## DO FREE TRADE ZONES EXIST IN CENTRAL AMERICA?

A number of Free Trade Zones (FTZs), Export Processing Zones (EPZs), and Commercial Free Zones (CFZs) operate to foster trade and investment exports in the region. FTZs, EPZs, and CFZs generally provide a location for firms to import and re-export goods with low or no duties, taxes, or other fees associated with importing. Such trade regimes have expanded rapidly in Central America in the past five years.

Panama's Colon is the largest FTZ in the Western Hemisphere and the second largest in the world, behind Hong Kong. Panama also has 11 EPZs (most in nascent stages) and 7 Petroleum Export Zones (PEZs). Honduras extends FTZ benefits to the entire nation. Costa Rica has eight FTZs. El Salvador has seven large FTZs and over 200 one-factory EPZs. Belize allows enclosed one-factory operations EPZs and enclosed multi-factory operations EPZs.



## WHICH CENTRAL AMERICAN COUNTRIES HAVE RECIPROCAL PREFERENTIAL MARKET ACCESS ARRANGEMENTS WITH OTHER COUNTRIES?

El Salvador, Honduras, and Guatemala recently signed a Free Trade Agreement (FTA) with Mexico in which preferential tariffs allow for greater trade among these markets. Costa Rica and Nicaragua also have individual FTAs with Mexico. Costa Rica also has FTAs with Canada and Chile. The CACM countries have negotiated a FTA with the Dominican Republic, which is pending implementation. These FTAs provide greater access to the Central American market for products from participating countries than for equivalent products from the United States. ■

For More Information: If you would like specific information on Central American and other countries' regulations, tariffs and taxes, Free Trade Zones, and other business conditions, contact the Trade Information Center at 1-800-USA-TRADE, or visit our website at <http://tradeinfo.doc.gov>. If you are already exporting to Latin America and want help with expanding to Central America, you can contact your local U.S. Export Assistance Center. To find the U.S. Export Assistance Center closest to you refer to the back cover of this magazine

The Trade Information Center (TIC) is operated by the International Trade Administration of the U.S. Department of Commerce for the 20 federal agencies comprising the Trade Promotion Coordinating Committee. These agencies are responsible for managing the U.S. Government's export promotion programs and activities. You, too, can "Ask the TIC" by calling 1-800-USA-TRAD(E) toll free, Monday through Friday, 8:30-5:30 EST. Or visit the TIC's website at <http://tradeinfo.doc.gov>.



# THE IMPORTANCE OF EXPORT DOCUMENTATION

Thomas Cook & Kelly Raia

*American River International*

Documentation is the engine of exports in global trade. Documentation facilitates the movement of freight, transfer of title, processing of payment, and customs clearance.

Without documentation, the shipment is at a standstill. Even with the continuing advances in technology playing a greater role in international business, documentation is still required by all parties involved in global trade.

Why is this so? The answer is surprisingly simple. On an average, customs authorities worldwide physically inspect only 4 to 8 percent of the cargo that moves through their borders.

There are some exceptions, such as Saudi Arabia, but as a general rule, the local customs authorities do not physically inspect most import shipments.

If this statistic is correct, then how does customs manage their affairs in all the gateways of the world? How do customs authorities control the merchandise crossing the border and entering into commerce? They do this

through the documentation provided by the importer and the importer's customhouse broker. Importers receive their import documentation from the exporter, thereby making documentation the engine that moves the freight through the borders.

*We cannot stress enough that **Export Documents are Import Documents.***

In the United States, exporters create their documentation at the time the freight is being exported. For a typical export shipment, the only export document actually required by the Bureau of Export Administration, in conjunction with U.S. Customs, is the Shipper's Export Declaration (SED) or a validated Export License. The other documentation created — such as the commercial invoice, packing list, certificate of origin, health and sanitary certificate, bill of lading, certificate of conformance, and certificate of analysis — are all for the account of the importer to meet the customs clearance requirements in their country, thereby making export documentation into import documents.

Customs clearance and required import documentation are governed by local laws and vary from country to

country. What Korean customs may need to clear a pharmaceutical from the United States is very different from what customs in Brazil, Nigeria or Germany may require.

To the U.S. exporter this means it is crucial to have more than one set of criteria for your export documentation needs. The exporter must implement a standard operating procedure (SOP). This SOP must be flexible, particularly for those exporters that ship to numerous destinations. This flexibility allows the exporter to meet and identify the specific documentation requirements for each country to which it is exporting.

Here are the factors that can vary significantly depending on the country to which you are shipping:

- Number of copies
- Notarization
- Legalization/consularization
- Language
- Originals vs. copies
- Format of documentation
- Valuation

- Commodity descriptions
- Product labeling
- Other government agency requirements
- Black ink/blue ink

Standard operating procedures are somewhat arduous to create. However, once the standard is created, it will only require updating. Through the utilization of a database (and there are many available to choose from) a company can electronically store the documentation requirements for each country. Once a shipment is packed and ready for export to a specific country, the document requirements can be retrieved from the database with all of the nuances in place that are unique for the particular destination.

Import shipments accompanied by incomplete documentation are held in storage areas until such time that proper documents are presented to authorities. These delays can be costly in terms of storage fees. The very nature of these time delays can expose the shipment to other factors such as bad weather, theft, damage, and/or loss.

Additionally, incomplete documentation moves the importer into a reactive position with the local customs authorities. Overseas, as in the United States, the importer is responsible for all declarations made to customs. No importer wants to have customs reject their shipment due to incomplete documentation. Repeated offenses may cause customs to put a "black mark" against the importer.

Your buyers' measure of you as a long-term supplier will be dictated by the quality of your documentation capabilities.

Your overseas customers will favorably receive complete and accurate documentation. Their customs clearance headaches will have been eased, their shipment delivered timely and safely.

## EXPORT COMPLIANCE

Another critical factor in understanding the importance of export documentation is the role it plays in export compliance management.

Since the Export Administration Act of 1994, the Bureau of Export Administration (BXA) and other federal agencies have been in a mode of enforced compliance. Exporters have always been subject to the Export Administration Regulations, but with the 1994 act, U.S. companies have been subject to an increased scrutiny of their shipments by both physical inspections and document review upon export of their shipments.

Export documentation advise the federal agencies that oversee it, should include:

- Correct valuation
- Correct classification
- Accurate of written statements and affirmations
- Verified license requirements
- Correct SED information
- Accurate reporting of of "Denied Party" status
- Legitimate claim of export readiness

The BXA, U.S. Customs, and the Department of Defense (through ITAR) are but a few of the federal agencies that utilize a review of the export documents to determine the validity of the export transaction, exporter, consignee, and end-use.

The fines and penalties can be expensive. More severe than expense of fines and penalties is the loss of export privileges. Additionally, negative publicity can be terribly damaging to the reputation of a large corporation.

There is even legal exposure to the

individual signing the export documentation. The bottom of the Shipper's Export Declaration contains the statement "I certify that all statements made and all information contained herein are true and correct. I understand that civil and criminal penalties may be imposed for making false or fraudulent statements herein." The individual signing this document, even though it is on behalf of his or her employer, must be knowledgeable of the export regulations, as the signer can be held liable for the accuracy of the documentation.

It is in every exporter's best interest to make sure that export documentation is done correctly. It will not only keep your customer satisfied, it will also keep you out of hot water with the Bureau of Export Administration.

*Everyone wins with quality export documentation.*

For guidance on proper export documentation, call the Trade Information Center at (800) USA-TRAD(E) and speak to a trade specialist. ■

*Kelly Raia and Tom Cook are seasoned veterans of global trade. Their firm is involved in both compliance management and import/export logistics. They can be reached at 1-800-524-2493.*







# ENGAGING THE WORLD IN TRADE

Now, more than ever, U.S. companies are poised to help strengthen our nation's standing in the world economy. Just as the country engages the world politically and diplomatically, so we must remain a leader in the world economy. This is the job of policy makers and government agencies, as well as U.S. business.

President Bush's efforts to improve market access and open new markets mean more opportunity for U.S. businesses, as exemplified by the pending accessions of China and Taiwan to the World Trade Organization. Some voices are pressing for a new round of WTO talks, and negotiations are scheduled for this year.

Recently, legislation removing all trade barriers between Jordan and the United States was signed into law. Soon, the Senate will vote on a bilateral trade agreement with Vietnam. This Administration is dedicated to obtaining Trade Promotion Authority (TPA), which will further increase trade and open new markets for U.S. business. As Secretary Evans recently said, "Trade Promotion Authority is critical for the United States to maintain its leadership in the global economy. In fact, what Trade Promotion Authority really provides is a vehicle to ensure that Congress and the President work together, cooperate and have agreed on negotiating objectives." All businesses, regardless of ownership or size, will

benefit from the passage of TPA. Small and medium-sized businesses represent nearly 97 percent of U.S. exporters. Additionally, smaller companies accounted for close to 98 percent of the 1992 to 1999 growth in the exporter population. And two-thirds of all exporters have less than 20 employees.

Through our trade policy and promotion efforts, the expertise of the International Trade Administration's specialists worldwide continue to be a valuable resource for companies of

all sizes. Specialists are in place from Houston to Hanoi and San Francisco to Santiago poised and ready to help companies go global, equipped with an incredible array of services to meet the needs of all exporters. Our analysts and specialists, domestically and abroad, help companies conduct market research, create comprehensive market entry strategies, locate buyers and distributors and participate in trade events promoting products and services overseas. ■

## A Note From William Spitler, Director of the New York U.S. Export Assistance Center

*It is a great blessing that the entire staff of the New York U.S. Export Assistance Center, which was located at 6 World Trade Center, was safely evacuated.*

*For the time being, I am working out of our Newark office and the rest of the staff is working from our Harlem office. Our trade specialists are bright, energetic professionals who take great pride in serving America's exporters and are eager to get back to business. We hope to be reassembled as a team in Manhattan office space by mid-October. I've been hard at work searching for new office space. We are solidly committed to having our office ultimately located at the newly rebuilt New York World Trade Center, and we have received floods of encouraging mail and telephone calls from our partners and clients.*

*Our office is here to serve New York exporters, and I encourage you to contact us via email [William.Spitler@mail.doc.gov](mailto:William.Spitler@mail.doc.gov) or telephone Newark: (973) 645-4682; Harlem: (212) 860-6200. We look forward to working with you.*

# INDUSTRY ANALYSTS HELP DISCOVER EXPORTING OPPORTUNITIES

by Office of Export Promotion and Coordination,  
*Trade Development*

While the nation mourns the loss of loved ones brought on by the tragedies of September 11, 2001, it must also come to terms with the economic shock currently rippling through virtually all industries and regions. The overall U.S. economy, however, remains sound and strong and the acts of terrorism need not continue to take their toll on our profits and revenues. As Linda Conlin, Assistant Secretary of Trade Development at ITA, states, "Now more

than ever, U.S. companies can rely on ITA's trade analysts to provide advice, thorough research, information and advocacy on the exporting potential of their products." Trade Development offers these services in a variety of ways.

## EXPORT COUNSELING

Companies looking to export can rely on the Trade Information Center (TIC) by calling 1-800-USA-TRAD(E), where they will receive free export information and advice as well as answers to technical questions on topics ranging from travel restrictions and government

services to customs and tariffs. TIC trade specialists can also give general advice on the latest situation in particular markets overseas. As the first stop for federal export assistance including commercial and economic conditions in Western Europe, Asia, the Western Hemisphere, Africa and the Near East, the TIC is a comprehensive resource for export information and provides counseling and referrals to thousands of businesses.

## EXPERTISE FROM INDUSTRY ANALYSTS

Trade Development's International Trade Analysts are industry sector specific experts that deal with trade analysis, policy and promotion of the products and services of the industry that they cover. Each analyst is thoroughly familiar with the industry with regard to what is being exported, the destination of those exports, as well as how those products or services are being exported. Specialists have years of experience in an industry specific sector and can draw on this experience to guide companies through the exporting process.

In an interview, one of Trade Development's Industry Specialist, Gary Stanley, Director of the Forest Products and Building Materials Division, discusses some of the many ways in which exporters can seek guidance.





### HOW DO I LOCATE THE INDUSTRY SPECIALIST FOR MY SECTOR?

There are a number of ways in which we can be contacted. The most efficient way still is by telephone. To locate the specialist covering your industry, visit [www.trade.gov/td](http://www.trade.gov/td) and search the directory by industry. The information given includes the name, telephone number and email address for each specialist. Businesses can also call the TIC if they are unsure of whom to contact.

Another way, obviously, for people to contact us is through our homepage. We receive a number of contacts directly from people sending us emails, asking for information. We've posted a number of initiatives on our website for people calling and looking for general information. The biggest one we're doing right now is the U.S./China Housing Initiative. We're doing a big conference in November and we've got a lot of people from industry from Housing and Urban Development and other agencies that are interested in this.



### WHAT CAN THE INDUSTRY SPECIALISTS DO TO HELP ME?

Ofentimes it depends on the degree of experience that the exporter himself may have. Some products have traditionally been traded in very large quantities by big multinationals or conglomerates that frankly need very little assistance from the U.S. Government. On the other hand, we have sectors that do need our help. Particularly over the past five to ten years, many of these have experienced pretty significant growth and we've been able to help these companies direct that growth to foreign markets. Companies can contact us and we'll do some industry analysis and trade flows to identify the best areas of the world where they could target their exports. A classic example of this is hardwood lumber. We would do a trade run using

Census statistics to determine where the best regions of the world are. We recommend targeting a region rather than an individual country in order to maximize a company's overseas promotional efforts. While working for a company, for instance, that would like to export to Latin America we wouldn't just say, "Go to Mexico." We would say, "What about Mexico, Brazil, Chile, Argentina, Columbia and Venezuela." We would look at each one of those as prospects. We would do the same thing with Asia and offer within the context of that our analysis of where those prospects lie, including the end user segment, whether it's furniture, interior finishing for housing, or flooring or cabinetry. We can do additional research as well. We try to find out tariff information, import customs procedures, whether there is a value-added tax, what kind of licensing might be necessary, if it's something that could potentially involve a sanitary issue, for example.



### HOW DO I TAKE ADVANTAGE OF THESE PROSPECTS?

In order to follow through on the research we have provided to exporters, we use trade promotion events. Working closely with the National Association of Homebuilders, we have put together a conference in Shanghai this November under the auspices of the U.S./China Housing Initiative. In general terms, this will be an industry conference and exhibition where U.S. firms will have a chance to participate in this huge building show in Shanghai. We are assisting the association in putting together the conference, trying to get speakers from the Chinese government, from the embassy, perhaps get someone from our commercial service to come talk about the business and trade climate in the area. We'll try to get local end users like builders and purchasers of building materials to come and make presentations. We'll also work with our contacts at the American Chamber of Commerce over there in identifying particular areas.



### HOW ARE MY INDUSTRY INTERESTS REPRESENTED DURING TRADE NEGOTIATIONS?

We've done work with organizations such as the WTO and APEC. We worked specifically for three years with APEC on a Sectoral Liberalization Initiative. This included negotiations in areas of tariff and non-tariff barriers, standards, trade facilitation and economic and technical cooperation. We consulted with private industry during the negotiations and thereby worked on issues that they raised and areas where they felt markets needed to be opened.

We have three Industry Sector Advisory Committees in this division: building products, lumber and paper. Through these committees, we provide an opportunity for cleared industry advisors to advise the U.S. Government on trade negotiations and trade policy areas that the industry is interested in participating in. We provide the advisors with updates on what the current state of play is, discuss the U.S. Government's negotiating strategy and receive their advice.



### WHERE CAN I FIND INFORMATION ABOUT MY PRODUCTS?

Obviously the Internet is a great resource. We also have done a number of industry reports. In the past we have prepared chapters in the *U.S. Industry Trade Outlook*. That is an extremely popular reference source because it talks about current trends in the industry including what's happening in global as well as U.S. markets. ■



# ■ THE ROLE OF INFORMATION TECHNOLOGIES IN THE NEW ECONOMY

by the Information Technologies Industries Group

*Trade Development*

Information technologies and the Internet are rapidly changing the way we work, communicate, and view the world. In fact, few technologies have reached mass acceptance as quickly as computers and the Internet. It took 74 years for the telephone to reach 50 million users. The personal computer hit that number in 16 years and the Internet's World Wide Web did it in only four years. There are now more than 300 million users online worldwide.

All organizations can benefit from information technologies (IT).

Businesses, governments, and non-profit organizations can all use IT to become more efficient, explore new markets, improve service delivery, and better manage resources. Through technologies like videoconferencing and e-mail, businesses and governments can communicate with their partners and colleagues without having to travel, saving both time and costs.

According to a survey conducted by the National Federation of Independent Business, 58 percent of small business owners found that their websites boosted their sales. In the United States, new technologies have boosted

productivity, created jobs, and spurred economic growth. With the most wired population in the world, the United States ranks first in e-commerce potential based on the Meta Group's 2001 World E-Commerce and Internet Market Report.

The offices of Trade Development have followed these trends in technology and developed an expertise that is readily available to U.S. exporters. "In light of the recent economic disruptions that resulted from the terrorist attack, ensuring that U.S. industry has the information technology tools it needs to compete in the global economy is even more critical," according to Michelle O'Neill, Trade Development's Deputy Assistant Secretary for Information Technologies Industries.

Trade Development also works to foster the right policy environment for e-commerce to flourish and not be hindered by regulations. Electronic commerce impacts all industry sectors and all business, large and small, and is viewed as a revolutionary enabling medium that creates economic activity and provides social benefits within and across borders. In support of U.S. industry, for example, Trade Development analysts participate in international and private-sector fora to push forward priority issues affecting e-commerce, including data privacy and consumer protection.



## ELECTRONIC PRIVACY

In the United States, the importance of protecting the privacy of individuals' personal information is a priority for the federal government and consumers. The Internet and the growth of information technologies have enabled the transmission, processing, and storage of vast amounts of information about individuals. These developments have led to increasing concerns about online privacy and consumer protection, as well as continually growing debate and legislation regarding the best means for protecting consumers and providing recourse. Consumers repeatedly cite fears that their personal information will be misused as a reason for not doing business online. In this way, moves to bolster online privacy and protect consumer interests will fuel the broader growth of online communications, innovation, and business. Self-regulatory initiatives are an effective approach to putting meaningful privacy protections in place.

The Department of Commerce has worked closely with industry to promote self-regulation. In general, self-regulation allows firms to respond quickly to technological changes and employ new technologies to protect consumer privacy. The department has worked with industry to promote the use of privacy policies, the development of self-regulatory principles, and the development of privacy-enhancing technologies.

For example, of the department strongly encouraged the private sector to post privacy policies that adhere to fair information practices by providing consumers with notice, choice, access, and security. The department also worked closely with industry in the area of "online profiling," the practice of aggregating information about consumers' preferences and interests, gathered primarily by tracking their movements online and using the resulting consumer profiles to create targeted advertising on websites. On

the other hand, in certain highly sensitive areas, legislative solutions are appropriate. Congress has adopted legislation to protect certain highly sensitive personal information, including children's information, medical records, financial records, social security numbers, and genetic information. Finally, the department has also highlighted the role of technological tools and developments to enhance consumer privacy online.

## CONSUMER PROTECTION IN E-COMMERCE

The growth of electronic commerce depends in large part on a high level of consumer confidence in doing business on the Internet. Building this confidence requires that consumers experience a comparable level of protection online to that which they enjoy in the offline world. Not only should consumers know that the goods and services offered online are fairly represented, but they also need to know that meaningful redress is available if they are not satisfied with some aspect of a transaction. The global nature of e-commerce, however, complicates the issue because choice of law, jurisdiction, and liability rules vary significantly among countries and causes uncertainty about consumer rights and business obligations in cross-border transactions.

The Department of Commerce works together with other U.S. government agencies, including the Federal Trade Commission, in various international and regional fora that are active in consumer protection. Along with the Federal Trade Commission, the department will continue to work with the private sector and consumer groups to ensure that their initiatives are as successful as possible in promoting consumer confidence and the growth of electronic consumer transactions. ■

## HOW ARE YOU USING INFORMATION TECHNOLOGY?

The Information Technology Management Planning Tool was developed by Trade Development to help organizations examine how they are currently using IT and plan for additional IT investment to improve their operations. The Tool is contained, with additional explanatory materials, on a CD-ROM. The Tool itself has four phases that systematically guide managers interactively through an evaluation process:

- **Phase One** links an organization's mission, goals, and core functions in a priority ranking;
- **Phase Two** creates an inventory of existing IT systems and links them to the organization's core functions;
- **Phase Three** assesses an organization's readiness for use of the Internet and electronic commerce applications and provides e-business and e-commerce options;
- **Phase Four** offers a cost/benefit analysis framework for managers to estimate the resources required to implement new IT and e-business projects.

Additional explanatory materials on the CD-ROM include videos on the benefits of IT and the importance of protecting an organization's critical infrastructure, a voice-over guide to each element of the Tool, a users manual, and Internet links to appropriate informational sites. For additional information, send an email to [exportit@ita.doc.gov](mailto:exportit@ita.doc.gov), or visit <http://exportit.ita.doc.gov>

# UPCOMING TRADE EVENTS

OCTOBER 2001 - MARCH 2002

DATES	EVENT	LOCATION
October 12 - 17 2001	China Hi-Tech Fair/Biotech 2001 This is the third edition of this event which will feature products in the following industries: biotech equipment, bioinformatics, biotech services, bioengineering material, technology and management and bio-agriculture. More than 350,000 professional visitors are expected to attend.	Shenzhen, China
October 13 - 21 2001	Genoa International Boat Show Genoa's International Boat Show is one of the largest and leading international boat shows in the world for motor boats, sailing boats, surf boards, inflatable crafts, diving and fishing equipment, engines, instruments and accessories. Last year's event attracted 350,000 visitors and had 1,468 exhibitors. This is the fourth consecutive year that the U.S. Commercial Service will hold a U.S. Catalog Exhibit at the Show.	Genoa, Italy
October 22 - 26 2001	Environmental Technologies Matchmaker There will be the traditional matchmaker offering of one-on-one, prescreened appointments at each stop as well as briefings, logistical support, and hospitality events.	Czech Republic, Hungary, Poland
October 22 - 26 2001	Healthcare Technologies Matchmaker to Brazil and Chile This event will be a traditional Matchmaker with two days of pre-screened appointments at each stop. Participants will also benefit from in-depth briefings and hospitality events.	Brazil and Chile
October 30 - 31 2001	Electrical Power Trade Mission and Seminar This trade event and seminar is designed to provide small to medium-sized export ready companies, utilities and their suppliers with a first-hand opportunity to become familiar with the Canadian electrical power market, establish new and profitable commercial relations, and provide valuable trade and market-related information from up-to-date industry briefings.	Toronto, Canada
October 30 - November 1, 2001	European Banking Technology Fair 2001 The European Banking Technology Fair is the leading European technology show for banks and financial institutions. Exhibitors include hardware and software products, security products and financial services.	Frankfurt, Germany
November 5 - 16 2001	Franchising Mission to China, Hong Kong and Taiwan Mission participants will develop business, establish government and industry contacts, and gain first-hand knowledge of the markets — with a program of tailored one-on-one meetings for each company. Organized in cooperation with International Franchise Association.	China, Hong Kong, Taiwan
November 10 - 13 2001	MediPhar Taipei - American Products Literature Center Mediphar is a major exhibition for the health care industry in Taiwan focusing on hi-tech products and the latest technologies. This event attracts decision-makers from some of the most advanced health care systems in Asia. American Products Literature Center offers smaller companies new to Taiwan a very cost-effective market introduction to the Taiwanese market.	Taipei, Taiwan
November 11 - 14 2001	Sixth International Transmission and Distribution Exhibition The biennial Distribution 2001 Exhibition is the leading event on the energy calendar for transmission and distribution utilities, manufacturers and suppliers in the Asia/Pacific region. This is an important forum for the presentation and discussion on new developments in transmission and distribution.	Brisbane, Australia
November 14 - 17 2001	International SHOPA show SHOPA is one of the 200 largest trade shows in the United States, according to <i>Tradeshow Week</i> . The show is offering seminars the day before the show and customized local store tours with association executives serving as speakers on an as-needed basis. Products will include: computer accessories and software, desk accessories, furniture, writing instruments and accessories, office storage, school supplies, and much more.	Miami, Florida
November 14 - 17 2001	International Amusement Parks Show IAAPA is the premier trade show for the amusement park and entertainment industry, encompassing the entire spectrum of companies from small family-run operations to large multinational corporations. Exhibitors run the gamut from high technology such as virtual reality simulators, to the latest games, rides, food and beverage and state-of-the-art themed attractions.	Orlando, Florida



**INDUSTRY****CONTACT INFORMATION**

Biotechnology  
Elizabeth Ausberry  
Tel: (202) 482-4908  
Email: Elizabeth.Ausberry@mail.doc.gov

Pleasure Boats  
and Accessories  
Susanna Lezzi  
Tel: (39 010) 543-877  
Email: Susanna.Lezzi@mail.doc.gov

Pollution Control  
Equipment  
Molly Costa  
Tel: (202) 482-0692  
Email: Molly.Costa@mail.doc.gov

Biotechnology,  
Dental Equipment,  
Health Care  
Molly Costa  
Tel: (202) 482-0692  
Email: Molly.Costa@mail.doc.gov

Electrical Power  
Systems, Pollution  
Control,  
Renewable Energy  
Peter Dykeman  
Tel: (416) 595-5412 x226  
Email: Peter.Dykeman@mail.doc.gov

Computer  
Software and  
Financial Services  
Elizabeth Powell  
Tel: (49 69) 956-204-17  
Email: Elizabeth.Powell@mail.doc.gov

Franchising  
Raj Dwivedy  
Tel: (202) 482-4581  
Email: Raj\_Dwivdey@ita.doc.gov

Medical  
Equipment  
Lisa Huot  
Tel: (202) 482-2796  
Email: Lisa\_Huot@ita.doc.gov

Electrical Power  
Systems  
Noela Cain  
Tel: (361 3) 9526-5924  
Email: Noela.Cain@mail.doc.gov

Business  
Equipment other  
than Computers  
Joan Hall  
Tel: (202) 482-2267  
Email: Joan.Hall@mail.doc.gov

Sports and  
Recreation  
Linda Burlingame  
Tel: (202) 482-5416  
Email: Linda.Burlingame@mail.doc.gov

**HIGHLIGHTED EVENTS****SMAU 2001**

**OCTOBER 18 – 22, 2001  
MILAN, ITALY**

SMAU is Europe's second largest exhibition in the Information and Communications Technology (ICT) sector. It attracts 2,400 exhibitors and 360,000 qualified visitors each year. The Italian market for products and services in the computer hardware, software and telecommunications sectors is \$40 billion, and the United States is Italy's largest supplier of such products and services. By participating in SMAU, small and medium-sized, new-to-market U.S. companies are introduced to top Italian distributors and business partners, and stand an excellent chance of benefiting from the opportunities offered by the Italian and surrounding markets.

Contact:  
Dan Bjerk  
Tel: (602) 640-2513 x15  
Email: Dan.Bjerk@mail.doc.gov

Nicoletta Postiglione  
Tel: (39 02) 659-2260  
Email: Nicoletta.Postiglione@mail.doc.gov

**INTERNET/TELECOMMUNICATIONS  
TRADE MISSION**

**NOVEMBER 4 - 9, 2001  
BERLIN, HAMBURG, FRANKFURT, GERMANY**

This mission will include representatives from a variety of U.S. firms providing products and services for Internet and telecommunications who are interested in entering or expanding their presence in Germany. The mission aims to provide participants with first-hand market information as well as access to potential business partners and key government officials. It also will generate publicity and market exposure for participating companies. The mission will facilitate access for the participating companies to opportunities resulting from the increasing market demand in Germany for U.S. products and services for the Internet and telecommunications industries.

Contact:  
Danielle Kriz  
Tel: (202) 482-0568  
Email: Danielle\_Kriz@ita.doc.gov

Miles Denny-Brown  
Tel: (202) 482-0398  
Email: Miles\_Denny-Brown@ita.doc.gov

DATES	EVENT	LOCATION
November 21 - 24 2001	CEO Medica 2001 This trade mission is a world's forum for doctors' surgeries and hospitals. A congress will be held in conjunction with this leading international trade fair.	Dusseldorf, Germany
December 3 - 5 2001	Maintenance, Repair and Overhaul Conference and Exhibition (MRO Asia) MRO Asia consists of a conference and an exhibition. They are targeting participants from high-level management positions from airlines, OEM/suppliers, the government, the military and the aviation industry.	Hong Kong
December 4 - 7 2001	Marintec China 2001 Marintec China is a major maritime event and will attract the most influential Chinese personalities and world-wide maritime companies. From ship building to ship registries, this is the maritime event in which to participate if you are interested in the world maritime industry.	Shanghai, China
December 14 - 17 2001	Paperex 2001 This is the fifth International Trade Fair and Conference on Pulp, Paper and Conversion Industry featuring raw material handling and preparation, pulping, bleaching and paper making, newsprint manufacture, conversion technology and automation in paper mills.	New Delhi, India
January 11 - 15 2002	Maison and Objet Maison et Objet is a European event for the homeware market. The show attracts more than 2,200 exhibitors with more than half coming from overseas. Visitors include 55,000 professional buyers with more than 15,000 coming from outside France.	Paris, France
January 29 - 30 2002	Visit North America Seminar The Visit North America Seminar is the main travel trade event promoting Swiss tourism exclusively to the United States and Canada. The exhibit features some 130 exhibitors, mostly from the United States. The program includes 70 educational workshops. Representatives from over 800 Swiss travel agencies will attend. The 410,000 Swiss tourists to the United States produced revenues in excess of \$2 billion in 2000.	Zurich, Switzerland
January 29 - February 1, 2002	Pacific 2002 International Maritime Exhibition Pacific 2002 will showcase the world's latest developments in maritime and naval technology.	Sydney, Australia
February 5 - 8 2002	Visit USA Destination and Product Seminars The seminars are aimed at educating retail travel agents on U.S. destinations and products. CS Australia will distribute literature for, and promote, any U.S. destination or tourism supplier participating.	Sydney, Melbourne, Brisbane and Perth, Australia
February 8-11 2002	International Builders' Show The International Builder's Show is the largest building industry trade show in the United States and also includes the largest number of related meetings, seminars and workshops in the world. ICCON gives international attendees access to commercial construction technologies and features over 100 exhibitors. Attendees will be able to take advantage of the latest home automation information featured in TechHOME Expo, a new pavilion devoted to high-technology solutions for the home-building industry. There are more than 200 technical programs. The New American Home tour is available at no additional charge. There are various housing tours operating throughout Atlanta for a nominal fee such as the Greater Atlanta Home Builders Assn Tour.	Atlanta, GA
March 19-23, 2002	ConExpo-Con/Agg 2002 As the premier industry exposition in the Western Hemisphere, CONEXPO-CON/AGG provides a showcase once every three years featuring the latest in equipment, services, product design and technological advances for the construction, aggregates and ready mixed concrete industries. The INTERNATIONAL FLUID POWER EXPOSITION will be co-located with CONEXPO-CON/AGG in 2002. IFPE is North America's largest exhibition and technical conference devoted to power transmission: hydraulics, pneumatics, electrical, mechanical components, systems and controls. The show features a technical conference with three key segments: Research & Design, Applications and Hydraulic Fluids. Additionally, CONEXPO-CON/AGG will offer a seminar program featuring more than 121 sessions designed specifically for industry professionals, and will offer the latest information, tools, and techniques in the construction industry.	Las Vegas, NV

## INDUSTRY CONTACT INFORMATION

Dental Equipment, Drugs/Pharmaceuticals, Laboratory Instruments	Ed Fantasia Tel: (49 211) 737-767-10/80 Email: Edward.Fantasia@mail.doc.gov
Aircraft Parts, Ground Support Equipment and Aviation Services	Elanna Tam Tel: (852) 2521-5950 Email: Elanna.Tam@mail.doc.gov
Port/Shipbuilding Equipment	Elizabeth Ausberry Tel: (202) 482-4908 Email: Elizabeth.Ausberry@mail.doc.gov
Paper/Pulp	Elizabeth Ausberry Tel: (202) 482-4908 Email: Elizabeth.Ausberry@mail.doc.gov
Giftware, Household Consumer Goods, Toys and Games	Ludene Capone Tel: (202) 482-2087 Email: Ludene_Capone@ita.doc.gov
Travel and Tourism	Werner Wiedmer Tel: (41 31) 357-7342 Email: Werner.Wiedmer@mail.doc.gov
Defense Industry Equipment	Phil Keeling Tel: (61 2) 9373-9209 Email: Phil.Keeling@mail.doc.gov
Travel and Tourism	Monique Roos Tel: (61 2) 9373-9210 Email: Monique.Roos@mail.doc.gov
Building Products	Miguel Olivares Tel: (202) 861-2111 Email: Miguel.Olivares@mail.doc.gov
Construction Equipment	Kevin Haley Tel: (202) 482-5416 Email: Kevin.Haley@mail.doc.gov

## ENVIRONMENT JAPAN 2001

**NOVEMBER 27-30, 2001  
TOKYO, JAPAN**

Japan's environmental market is large and growing fast. The market is expected to reach \$360 billion by the year 2010. Environmental regulations are getting stricter, yet existing solutions in Japan are not sufficient to cope with various environmental problems. This growing market is constantly seeking innovative and experienced overseas suppliers to fill its vast needs.

As one of Japanese government's export-to-Japan facilitation efforts, the Japanese External Trade Organization (JETRO), the organizer of this event, invites environmental companies looking to enter and/or expand their business in Japan to Environment Japan 2001.

Contact:  
George Litman  
Tel: (202) 482-0560  
Email: George\_Litman@ita.doc.gov

## TELECOMMUNICATIONS TRADE MISSION

**DECEMBER 1 - 8, 2001  
POLAND, CZECH REPUBLIC, AND SLOVAKIA**

The U.S. Department of Commerce's Office of Telecommunications Technologies is organizing a telecommunications trade mission to Poland, Czech Republic and Slovakia. The Assistant Secretary of Trade Development at Commerce will lead the mission. As these markets liberalize their telecommunications markets to comply with their WTO commitments and EU membership requirements, this is the perfect time for you to enter these markets. All three countries will have achieved full liberalization in their telecommunications sectors by December 31, 2002, creating excellent opportunities for U.S. companies, that provide telecommunications services or sell equipment.

The mission will include representatives from a variety of U.S. firms providing products and services for the telecommunications industry who seek to enter or expand their presence in Central Europe.

Contact:  
Beatrix Roberts  
Tel: (202) 482-2952  
Email: Beatrix\_Roberts@ita.doc.gov

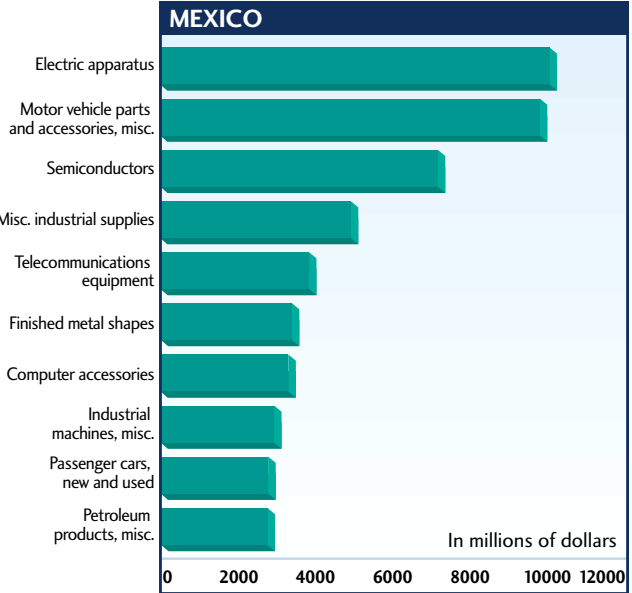
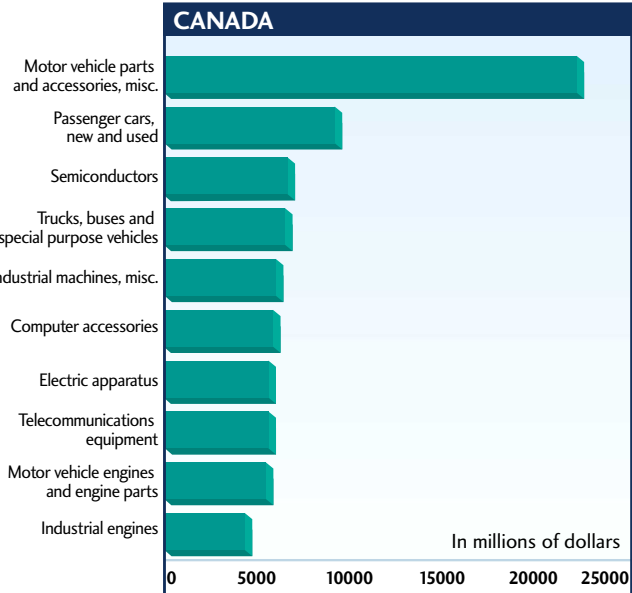


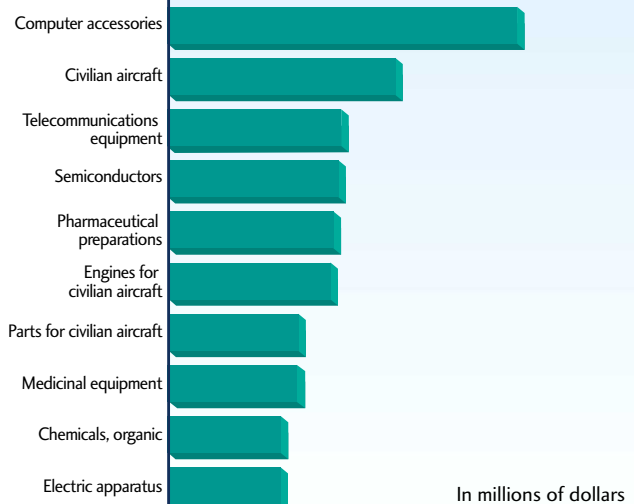
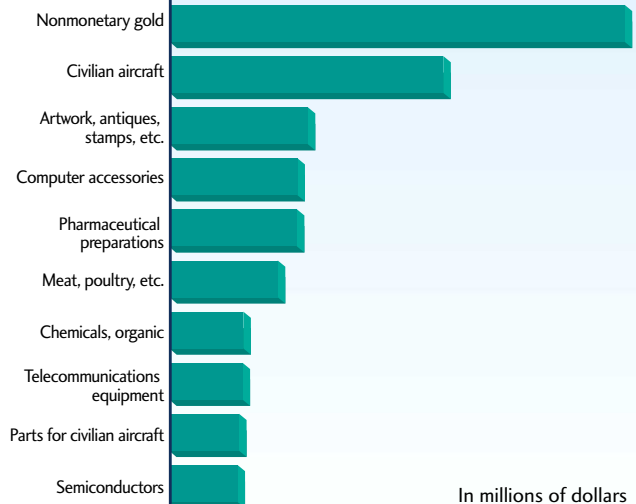
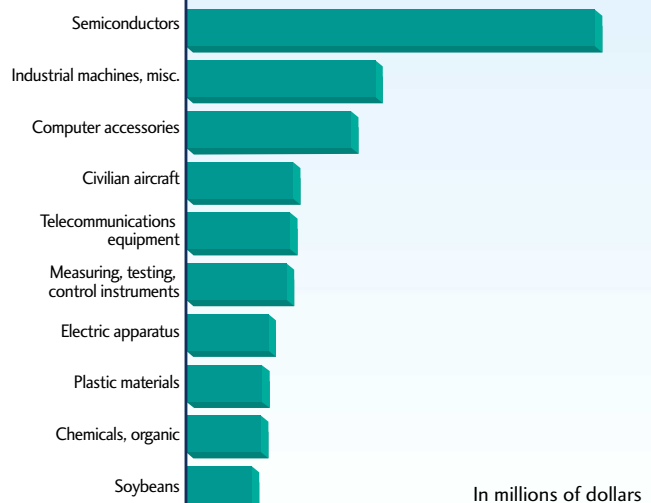
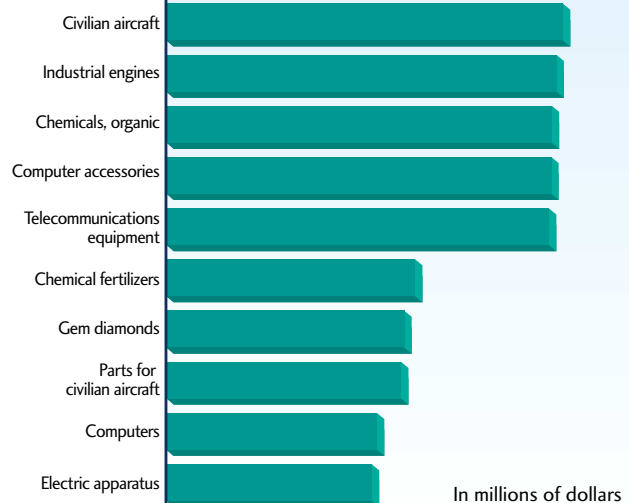
# U.S. EXPORTS FOR FOURTEEN MARKETS

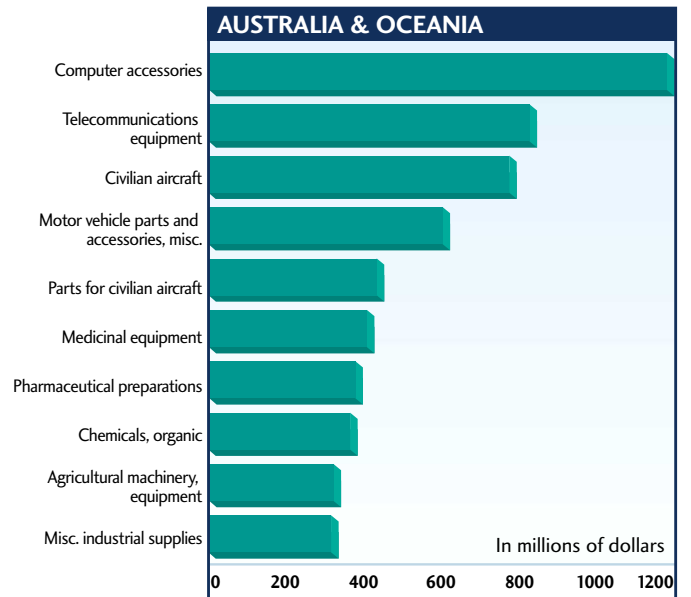
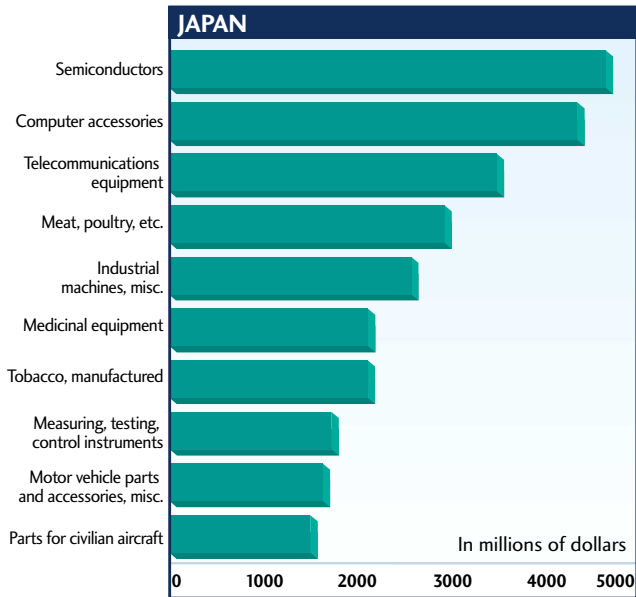
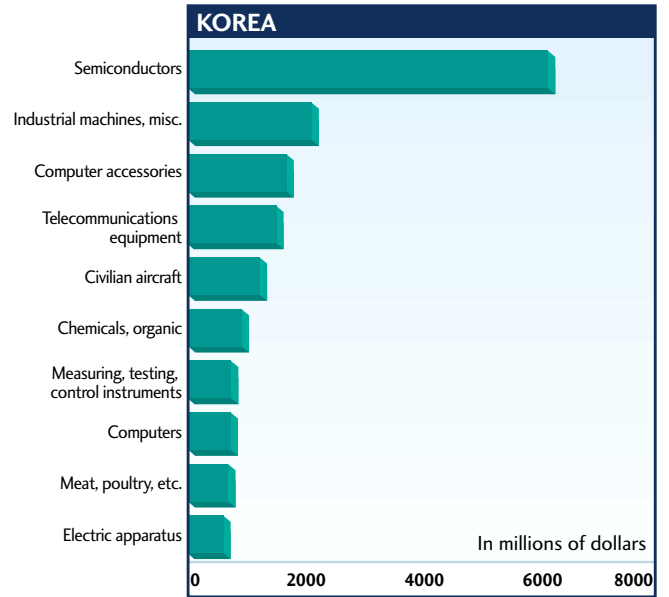
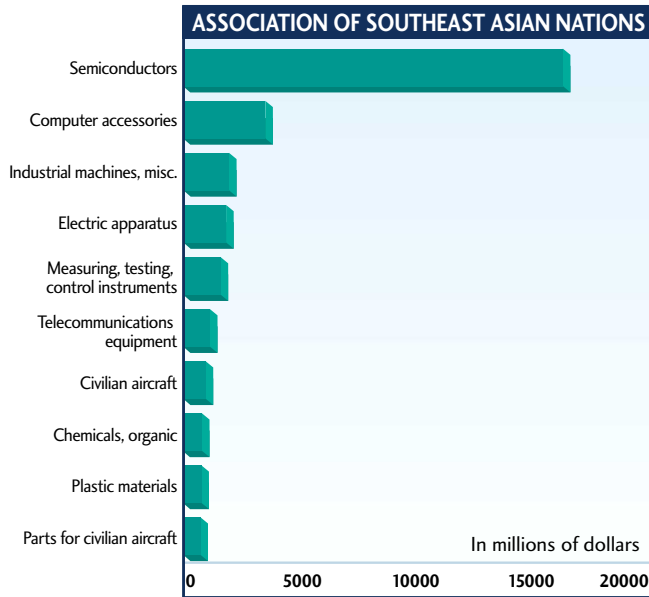
The charts presented in this issue break down U.S. exports of goods by product and market (destination). For each of 14 national or regional markets, one can see the top ten products (in terms of value).

The charts are based on data for calendar year 2000. The product categories reflect end-use classification. More information on end-use and other classification systems is available from the Bureau of the Census at [www.census.gov/foreign-trade/adverts/tradedata/classifications.html](http://www.census.gov/foreign-trade/adverts/tradedata/classifications.html)

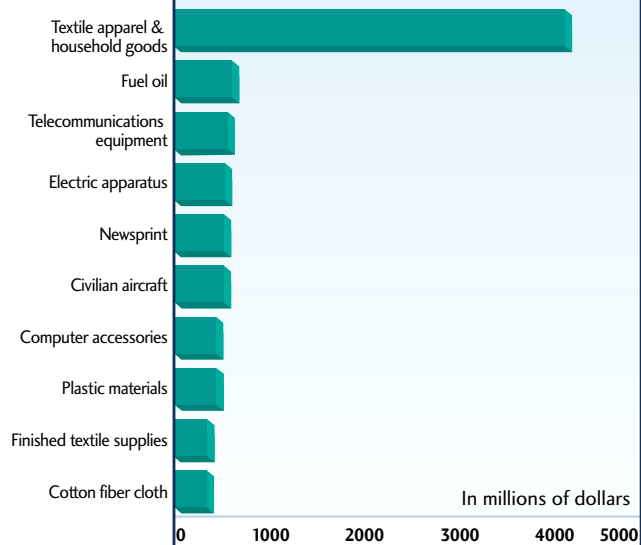
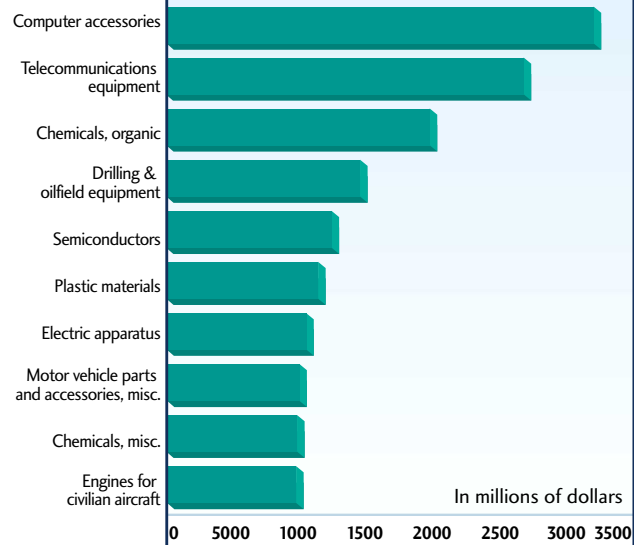
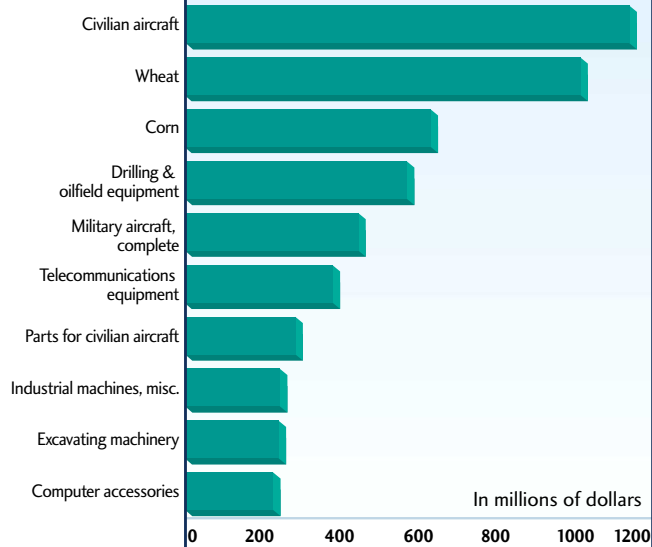
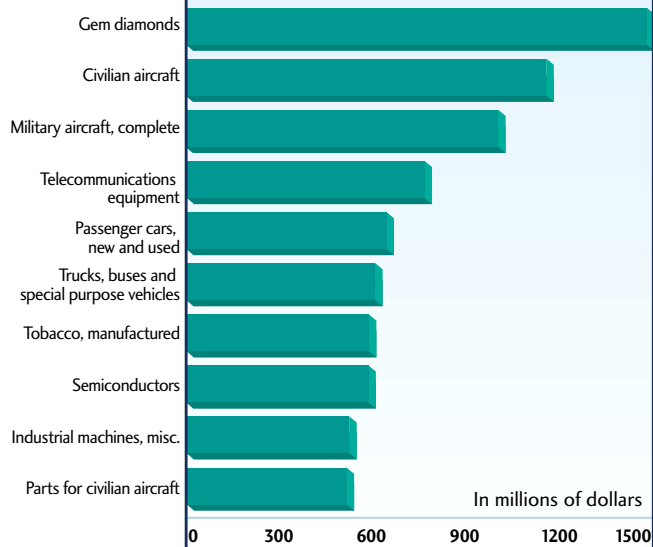
The rankings are mainly determined by the extent of disaggregation in the classification scheme, and thus have limited significance when examined in isolation. For example, all semiconductors are grouped together, whereas industrial machinery is subdivided into 10 categories. This tends to make semiconductors more prominent in the rankings, and industrial machinery less prominent. However, comparisons between markets do reveal variations in the product mix of U.S. exports in different parts of the world.



**EUROPEAN UNION****OTHER EUROPE (Including Former Soviet Republics)****CHINESE ECONOMIC AREA****SOUTH ASIA**





**CARIBBEAN & CENTRAL AMERICA****SOUTH AMERICA****AFRICA****MIDDLE EAST**

# THE FUTURE OF AGRICULTURAL EXPORTS

## HOW TPA WILL EXPAND OUR MARKETS

by J.B. Penn,

*Undersecretary, Farm and Foreign Agriculture Services, U.S. Department of Agriculture*

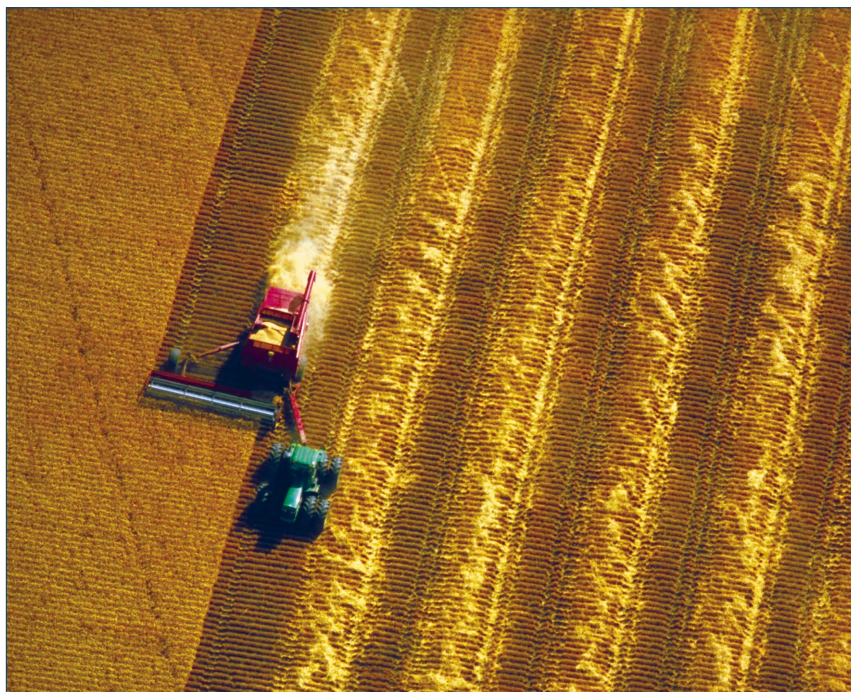
“We want to be feeding the Chinese,” claims President Bush. “We want our American farmers to be growing the products that the Chinese want to eat. And that’s what, to me, trade means.” This issue — our ability to export American agricultural

products into new or more open markets — lies at the heart of Trade Promotion Authority, or TPA, which gives U.S. trade negotiators the ability to negotiate trade agreements that will benefit the U.S. food and agricultural sector.

Agriculture is one of the most vital sectors of the American economy. Last year, U.S. agricultural exports were valued at \$51 billion. This year, sales are expected to reach \$53.5 billion, with

exports generating nearly 25 percent of gross cash farm receipts. One in three acres of U.S. agricultural production is exported, making U.S. agriculture two and one-half times more reliant on trade than the general economy.

However, American agricultural interests need to be given greater opportunities to export abroad. Currently, they face tariffs and non-tariff barriers when exporting to other countries. As the President told agricultural leaders on June 18, “The EU’s tariff for over quota beef is between 91 percent and 177 percent. Japan’s tariff for over quota wheat is between 242 percent and 256 percent. Canada’s tariff on over quota butter is between 299 percent and 314 percent.” Clearly, these tariffs are hampering the abilities of American farmers to export to these crucial trading partners. According to the President and cabinet members like Secretary of Commerce Don Evans and Secretary of Agriculture Ann Veneman, the best way to make these foreign markets more open is to renew Trade Promotion Authority, which expired in 1994 and has not since been authorized by Congress. Since that time, other countries have moved forward and signed trade agreements that exclude the United States. Today, there are more than 130 preferential trade



agreements throughout the world — and the United States is a party to only two of them. These preferential agreements are already hurting American agriculture trade, according to Veneman in a recent speech. “[W]hile the U.S. was waiting for the renewal of trade negotiating authority, Canada negotiated a free trade agreement with Chile. Canada is now taking market share from us in wheat and potatoes because they have lower tariffs in Chile than we do,” she said.

With TPA, it will become easier to enter into preferential trade agreements and knock down the barriers to trade faced by the United States. As Agriculture Secretary Veneman remarked, “With TPA we can enter into agreements to eliminate trade barriers and roll back trade-distorting subsidies.” A congressional grant of Trade Promotion Authority to the executive branch will make it easier to strike market-opening agreements on agriculture with our trading partners.

#### BILATERAL FREE TRADE AGREEMENTS

The potential of new agreements has been shown with the success of the North American Free Trade Agreement (NAFTA), which has greatly improved American agricultural trade with Canada and Mexico. Since NAFTA was approved in 1993, United States agricultural exports to Mexico have nearly doubled, with the average tariff falling from around 10 percent to around 2 percent. American agricultural exports to Canada have risen nearly five-fold. NAFTA, and the benefits that it has reaped for American farmers, has shown the tremendous possibilities for new free trade agreements that would be created under Trade Promotion Authority.

Another important benefit of the renewal of Trade Promotion Authority will be the expansion of agriculture trade with China. The recently-concluded agreement to bring China

into the World Trade Organization will provide greater market access for a variety of American-produced agricultural goods, but TPA would enhance the administration’s ability to pursue new global trade talks under the WTO. These negotiations could provide a benefit of \$2 billion a year in agricultural trade with China. Newly opened markets like China would also help reinforce the economic, social, and political conditions that strengthen democracy around the globe and enhance our national security.

#### TAKING THE NEXT STEPS IN GLOBAL AGRICULTURAL TRADE LIBERALIZATION

The future of free trade agreements clearly indicates that the United States needs Trade Promotion Authority in order to maximize international trade capabilities for American farmers. Already, the Uruguay Round Agreement, which established the WTO, has brought agriculture more fully under world trade rules, with increased export sales and new markets for U.S. farmers, ranchers, and agribusinesses. However, much work needs to be done. Negotiations on the next phase of agricultural trade liberalization began in early 2000, as called for in the Uruguay Round Agreement on Agriculture. A new general round of negotiations is likely to be launched by the world’s leaders at the WTO Ministerial in Doha, Qatar, at the end of this year. These negotiations are the best chance U.S. agriculture has for further reducing tariffs, opening new markets, and addressing unfair trade practices on a global scale.

As first steps toward broader free trade agreements in the Western Hemisphere and in the Asia-Pacific region, the administration has committed to negotiate comprehensive free trade agreements with Chile and Singapore. Just as Chile has preferential trade agreements with Canada and Mexico, Singapore is in the process of negotiating agreements with Japan, Australia,

and New Zealand. Free trade agreements with these countries would provide a boost to our efforts to liberalize trade in the Americas and in the Asia-Pacific region. It would also help cement market-oriented policies in both countries and provide an incentive for other countries in these regions to continue their economic and trade policy reforms.

With broad TPA, U.S. negotiators would have the flexibility to initiate or enter into new bilateral or regional trade negotiations that would open foreign markets to U.S. agricultural exports. The United States is already working to develop stronger trade relations with many countries that are adopting meaningful economic and trade policy reforms, including those in Sub-Saharan Africa and other emerging markets. ■

For more information on TPA and agriculture, visit [www.tpa.gov](http://www.tpa.gov) or [www.fas.usda.gov/ustrade.html](http://www.fas.usda.gov/ustrade.html).



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